



County of Los Angeles  
**CHIEF ADMINISTRATIVE OFFICE**

713 KENNETH HAHN HALL OF ADMINISTRATION • LOS ANGELES, CALIFORNIA 90012  
(213) 974-1101  
<http://cao.lacounty.gov>

DAVID E. JANSSEN  
Chief Administrative Officer

Board of Supervisors  
GLORIA MOLINA  
First District

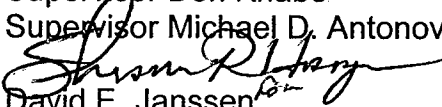
YVONNE B. BURKE  
Second District

ZEV YAROSLAVSKY  
Third District

DON KNABE  
Fourth District

MICHAEL D. ANTONOVICH  
Fifth District

May 31, 2007

To: Supervisor Zev Yaroslavsky, Chairman  
Supervisor Gloria Molina  
Supervisor Yvonne B. Burke  
Supervisor Don Knabe  
Supervisor Michael D. Antonovich  
From:   
David E. Janssen  
Chief Administrative Officer

**SACRAMENTO UPDATE**

**State Budget Update**

On Tuesday, May 22, 2007, the Senate Budget and Fiscal Subcommittees completed their budget hearings. The Assembly Budget Subcommittees concluded their hearings on Wednesday, May 23, 2007. The respective budget committees will now reconcile their actions and prepare for the Conference Committee which is expected to begin late this week, continue through the weekend and into next week in an attempt to meet the June 15, 2007 deadline for budget passage.

**Early, Periodic Screening, Diagnosis and Treatment (EPSDT) Program.** On May 22, 2007, Senate Budget and Fiscal Review Subcommittee No. 3 approved an increase of \$59.7 million by a 2 to 0 vote to fund the FY 2006-07 deficiency; an increase of \$107.6 million to fund FY 2007-08; and the establishment of a three-year reimbursement process to pay counties \$86.7 million annually, starting in FY 2007-08, for approved prior year claims. Los Angeles County is owed an estimated \$96.2 million for claims from FY 2004-05 and FY 2005-06. On May 23, 2007, Assembly Budget Subcommittee No. 1 concurred with this action by a 5 to 0 vote. Because the Assembly and the Senate Budget subcommittees have taken the same action on this issue, it will not go to the Budget Conference Committee.

**Integrated Services for Homeless Adults with Serious Mental Illness Program.** On May 22, 2007, Senate Budget and Fiscal Review Subcommittee No. 3 approved restoration of the \$54.9 million that the Governor proposed for elimination in his January Budget by a 2 to 1 vote. The Assembly did not take action to restore the funding; therefore, this issue will proceed to the Budget Conference Committee for final action.

**Mental Health Managed Care Program.** On May 22, 2007, Senate Budget and Fiscal Review Subcommittee No. 3 approved a five percent increase for mental health managed care plans by a 2 to 1 vote. On May 23, 2007, Assembly Budget Subcommittee No. 1 concurred in this action by a vote of 4 to 0. Because the Assembly and the Senate Budget subcommittees have taken the same action on this issue, it will not go to the Budget Conference Committee.

**Transitional Housing Program (THP)-Plus.** On May 19, 2007, Senate Budget and Fiscal Review Subcommittee No. 3 approved by a 2 to 1 vote an augmentation of \$19.7 million for the THP-Plus Program, which provides supportive services to help emancipated foster youth between 18 and 24 years of age, to fund all counties with approved THP-Plus plans. Because Assembly Budget Subcommittee No. 1 did not hear the issue, it will proceed to the Budget Conference Committee for final action.

**Employment Development Department (EDD) - Job Services Program.** By a 2 to 1 vote, Senate Budget and Fiscal Subcommittee No. 3 rejected the Administration's proposed \$27.1 million reduction and concurrent elimination of 271 positions to EDD's Job Services Program. The subcommittee also added Budget Bill Language directing the EDD to make job services to CalWORK's participants and parolees its top priority. The Department would be required to report back to the Legislature. Assembly Budget Subcommittee No. 4, by a 4 to 2 vote, took similar action. As a result, this issue will not be subject to Budget Conference Committee consideration.

**Los Angeles Eligibility, Automated Determination, Evaluation and Reporting System (LEADER).** On May 21, 2007, by a vote of 3 to 0, Senate Budget and Fiscal Review Subcommittee No. 3 adopted the Governor's Budget Proposal to add \$2.0 million for planning activities for the replacement of the LEADER System. On the same day, Assembly Budget Subcommittee No. 1 took similar action by a 4 to 2 vote. As a result, this issue will not go to the Budget Conference Committee.

**CalWORKs Reforms.** On May 21, 2007, Senate Budget and Fiscal Review Subcommittee No. 3, by a vote of 2 to 1, rejected the Governor's proposals to impose full-family sanctions when the adult does not comply with work requirements, and eliminate safety-net benefits for children after the 60-month time limit when the able-bodied adult fails to meet the Federal work requirements or when the parent is an undocumented immigrant, drug felon or fleeing felon. Assembly Budget Subcommittee No. 1 had previously rejected the Governor's CalWORKs reform

proposals by a vote of 4 to 1 on March 28, 2007. As a result, this issue will not proceed to the Budget Conference Committee.

**CalWORKs and Food Stamps Semi-annual Reporting.** On May 21, 2007, Senate Budget and Fiscal Review Subcommittee No. 3, by a vote of 3 to 0, rejected the Governor's trailer bill language and adopted placeholder trailer bill language to: 1) require counties to re-determine eligibility for recipients of CalWORKs and food stamp benefits on a semi-annual basis; 2) establish an income reporting threshold of \$1,100; and 3) prohibit the State from recouping projected CalWORKs administrative savings from counties. On May 21, 2007, Assembly Budget Subcommittee No. 1, by a vote of 4 to 2, took similar action. The Governor's May Revision establishes a \$100 income reporting threshold for semi-annual reporting. Because the Assembly and the Senate Budget subcommittees have taken the same action on this issue, it will not go to the Budget Conference Committee.

**CalWORKs Cost of Living Adjustment (COLA).** The Assembly and Senate Budget Subcommittees did not take action on the Governor's proposal to suspend the July 2007 CalWORKs COLA. Because the Assembly and the Senate Budget subcommittees have taken the same action on this issue, it will not go to the Budget Conference Committee.

**Supplemental Security Income/State Supplementary Payment (SSI/SSP) COLA.** The Governor's May Revision suspends the 3.7 percent SSP COLA effective January 1, 2008 and in future years. On May 21, 2007, Senate Budget Subcommittee No. 3 voted 2 to 1, to amend the requested adjustment to conform the subcommittee's previous action to approve the 3.7 percent SSP COLA and the 1.2 percent SSI COLA. On May 21, 2007, Assembly Budget Subcommittee No. 1 took similar action on this item by a vote of 6 to 0. Because the Assembly and the Senate Budget subcommittees have taken the same action on this issue, it will not go to the Budget Conference Committee.

**Child Welfare Methodology.** The Budget Subcommittee adopted trailer bill language to enact the SB 2030 Workload Study caseload standards effective over a five year period beginning July 1, 2008. Because the Assembly and the Senate Budget subcommittees have taken the same action on this issue, it will not go to the Budget Conference Committee.

**Back-fill of Federal Child Support Incentive Payments.** Assembly and Senate Budget Subcommittees approved the Governor's proposed \$23 million augmentation to back-fill Federal funds lost due to the Federal Deficit Reduction Act prohibiting the State from claiming Federal matching funds with earned Federal incentive payments. Because the Assembly and the Senate Budget subcommittees have taken the same action on this issue, it will not go to the Budget Conference Committee.

**Adult Protective Services.** On May 21, 2007, Assembly Budget Subcommittee No. 1 approved, by a vote of 4 to 2, a \$12 million augmentation for the Adult Protective Services Program. Senate Budget Subcommittee No. 3 approved by a vote of 2 to 1, a \$10 million augmentation to the Program. This issue will proceed to the Budget Conference Committee.

**Child Care Fraud.** On May 22, 2007, Senate Budget and Fiscal Review Subcommittee No. 1 approved, by a vote of 3 to 0, placeholder trailer bill language that requires: 1) the California Department of Education (CDE) to mandate each contracted child care and development program create a plan for an internal control framework; 2) CDE to submit that plan for review; and 3) CDE to implement their control framework. On May 23, 2007, Assembly Budget Subcommittee No. 2 concurred with this action by a vote of 4 to 2. Because the Assembly and the Senate Budget subcommittees have taken the same action on this issue, it will not go to the Budget Conference Committee.

#### **Pursuit of County Position on State Budget Issues**

**California Adult Probation Accountability and Rehabilitation Act Program (CAPARA).** The Governor's Budget proposed \$50 million in local assistance grants to counties to fund the CAPARA Program which would focus on the at risk population between 18 and 25 years of age. According to the Probation Department, the proposed funds would be used to reduce incarceration and recidivism rates among this particular population. This program will be modeled on the Juvenile Justice Crime Prevention Act (JJCPA) Program which is credited with diverting thousands of at risk juveniles from county jail and State prison. Funding for the program would increase to \$100 million in FY 2008-09 and future budget years. Based upon the JJCPA allocation formula, Los Angeles County would receive \$27.6 million from a \$100 million statewide grant.

In the May Revision, the Governor reduced the adult probation grant to \$25 million annually. The Assembly and Senate Budget subcommittees further reduced the grant amount to \$20 million to support four pilot counties on a one-time basis. While the subcommittees have taken the same action on funding, this issue will proceed to the Budget Conference Committee because the Assembly did not approve the Senate's trailer bill language on the four pilot projects. At this time we have not received budget language that designates the pilot counties; Consistent with Board policy to support State funding of adult probation services, **our Sacramento advocates will support full multi-year funding for this program if the County is selected as a pilot project.**

**Proposition 36.** Funding for Proposition 36, the Substance Abuse and Crime Prevention Act of 2000 was reduced by \$60 million for FY 2007-08. The Administration's proposed reduction is in response to Proposition 36 reforms which have been suspended by judicial injunction. The Governor's Budget proposes to use this funding reduction to provide an increase of \$35 million to the Substance Abuse Offender Treatment Program (OTP), which contains some of the reforms of interest to

the Administration, and to provide savings of \$25 million on a one-time basis. The Administration indicated that if the court-challenged reforms to Proposition 36 are not implemented, it would move all remaining Proposition 36 funding to the OTP, which requires a ten percent county match.

The May Revision retained the proposal to reduce Proposition 36 funding by \$60 million in FY 2007-08, and transfer this funding to OTP which requires a county match. Adoption of this proposal would result in a \$25 million reduction in total funding for this program from the amount appropriated in FY 2006-07. The estimated impact on the County from this reduction is approximately \$7.0 million.

On May 21, 2007, Senate Budget Subcommittee No. 3 voted by a 2 to 1 margin to augment Proposition 36 funding by \$60 million. This would bring the total base funding to \$120 million with \$60 million in a separate OTP grant. While the actual allocations of these funds to counties were not specified, based upon historical allotments, this action could result in an additional \$15 million to the County over the amount proposed by the Administration. On Tuesday, May 22, 2007, Senate Budget Subcommittee No. 3 voted by a 2 to 1 margin to amend its previous action by reducing funding for the OTP grant from \$60 million to \$40 million which would provide a total of \$160 million for the two programs.

On May 21, 2007, Assembly Budget Subcommittee No. 1 voted 4 to 0 to appropriate \$85 million for Proposition 36 and \$60 million for the OTP grant. This would provide a similar level of funding for the two programs as in the current year. Under this proposal, based on historical allocations, the County would be required to match \$1.9 million in County funds to receive the full State allocation. It is estimated that the Assembly actions would result in an allocation approximately \$7.0 million less than was available to the County in FY 2005-06.

On May 9, 2007, the Countywide Criminal Justice Coordinating Committee (CCJCC) issued a letter in support of funding for Proposition 36 programs in the amount of \$228.6 million. This level of funding is reflective of the needs of counties based upon a study performed by the University of California, Los Angeles.

Existing Board policy supports State funding for Proposition 36 programs to ensure that nonviolent drug offenders have full access to a full continuum of drug addiction treatment and recovery support services. Therefore, **our Sacramento advocates will support the Senate's proposal for increased funding for the Substance Abuse and Crime Prevention Act Program, and will advocate in support of the CCJCC request for \$228.6 million to provide appropriate levels of service.**

**Status of County-Advocacy Legislation**

**County-sponsored AB 714 (Maze and Bass)**, which would allow for the disclosure of birth family records for previously adopted children who return to foster care, passed the Senate Judiciary Committee on May 22, 2007 with technical amendments by a vote of 5 to 0, and now proceeds to the Senate Appropriations Committee.

**County-sponsored SB 767 (Ridley-Thomas)**, which would provide licensed health care professionals with immunity from civil and criminal liability for prescribing, dispensing, or distributing an opioid antagonist, passed the Senate Appropriations Committee on May 29, 2007 by a vote of 15 to 0, and now proceeds to the Senate Floor.

**County-supported AB 845 (Bass)**, as amended on May 24, 2007, which would take effect immediately, and would appropriate a \$10.25 million augmentation in FY 2006-07 to fully fund the Transitional Housing Program-Plus for emancipated foster youth, passed the Assembly on May 29, 2007 by a vote of 76 to 0, and now proceeds to the Senate.

We will continue to keep you advised.

DEJ:GK  
MAL:IGR:acn

c: All Department Heads  
Legislative Strategist  
Local 660  
Coalition of County Unions  
California Contract Cities Association  
Independent Cities Association  
League of California Cities  
City Managers Associations  
Buddy Program Participants